IN THE

Supreme Court of the United States

OCTOBER TERM 1973

No. 73-907

B & J MANUFACTURING COMPANY,

Petitioner,

v.

SOLAR INDUSTRIES, INC.,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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Respondent, Solar Industries, Inc., denies that a Writ of Certiorari should be granted to review the judgment and opinion of the United States Court of Appeals for the Eighth Circuit entered in the above-entitled cause on August 1, 1973.

STATEMENT OF THE CASE

The petition concerns the Eighth Circuit Court of Appeals' decision holding that personal jurisdiction over the Petitioner was properly obtained in accordance with the Minnesota "long-arm" statute (M.S.A. 543.19, subdivision 1(b)) in that Respondent's cause of action arose from Petitioner's transaction of business in Minnesota; and that to exercise jurisdiction over Petitioner would not violate Petitioner's right to due process.

Respondent disagrees with Petitioner's statement of the case as it contains only a partial recitation of the facts, and incomplete and misleading quotations of the Eighth Circuit Court of Appeals' decision. A better statement of the case is set forth in the opinion of the United States Court of Appeals for the Eighth Circuit (P. pp. A-13 - A-22).[1]

Petitioner, in its statement of the case, implies that the only letter to Respondent charging infringement was by Bruce L. Caulkins, Inc., Petitioner's predecessor in title to the patent in suit. While it is true that Bruce L. Caulkins, Inc., charged Respondent, Solar, with infringement by a letter dated January 5, 1971, it is also true that Petitioner, B & J, after the assignment of the patent from Caulkins to B & J, made an additional charge of infringement by a letter dated July 22, 1971. (Paragraph 2, Petitioner's Answer) This letter is part of the record and referred to at P. p. A-20 of the Circuit Court's opinion.

Petitioner implies that other than the letters and telephone communications its business transactions within the state of Minnesota were sparse and irrelevant to the issue of personal

[1] The reference "P" refers, in this response, to pages of the printed petition.

jurisdiction (P. p. 5). However, they are numerous and relevant. The record shows that Petitioner has "sales service personnel" which travel all over the country, presumably including Minnesota, visiting retread shops to make sure Petitioner's products are performing properly; that Petitioner has sold its line of Rocket rasps, its line of carbide wheels and tools, and its pollution control equipment in Minnesota to at least 6 Minnesota companies in the last 2 years; that Petitioner has made drop shipments in the state of Minnesota for the accommodation of buyers outside of Minnesota; that from July 1969 to November 1971, Petitioner has made sales in excess of $105,000 in the state of Minnesota; that Petitioner maintains a distributor within the state of Minnesota; that Petitioner advertises its products in various national publications which are distributed in Minnesota and that sales have been made in Minnesota as a result of these advertisements in national publications; that Petitioner's products sold in Minnesota are sent to Petitioner's plant in Illinois for needed repairs; and that Petitioner's distributors are provided with certain of Petitioner's catalogs, imprinted with Petitioner's name, address, and various trademarks and trade names to be used in making sales of Petitioner's products in Minnesota. (P. p. A-16)

Petitioner argues in its statement of the case (P. p. 5-6) that the Eighth Circuit Court of Appeals' holding that Petitioner transacted business in the state of Minnesota in accordance with Minnesota's jurisdictional statute and that to exercise jurisdiction would not violate Petitioner's right to due process was based solely on Petitioner's charge of infringement letters. In support of this contention, Petitioner quotes from the Court of Appeals' opinion (P. p. 6). However, Petitioner did not quote completely the Court of Appeals rea-

soning, and the omitted portion of the Circuit Court opinion, following the portion quoted by Petitioner, makes it clear that the Circuit Court was not relying solely on the charge of infringement letters. The importance of the omitted portion of the Court of Appeals' opinion will be discussed more fully in Respondent's argument.

ARGUMENT

I. No Federal Question Presented

Petitioner recites as reasons for granting the Writ that this case raises recurring problems concerning the constitutional dimensions of in personam jurisdiction, and that the Eighth Circuit's decision conflicts with decisions of this Court and decisions of other Courts of Appeal. Neither of those reasons are true in fact; they evidence a contrived but failing effort to come within a provision of Rule 19 of this Court.

Petitioner is seeking to have this Court substitute its application of *McGee*[2] and *Hanson*[3] for that of the Eighth Circuit.

II. This Case Does Not Present a Problem Concerning the Constitutional Dimensions of In Personam Jurisdiction.

Petitioner argues that the decisions in *McGee v. International Life Insurance Co.*, 355 U.S. 220 (1957), and *Hanson v. Denckla*, 357 U.S. 235 (1958), provide different tests in determining whether the exercise of jurisdiction over Petitioner violates Petitioner's right to due process.

While Respondent questions whether there is any sort of a "dichotomy" between *McGee* and *Hanson*, the facts of this

[2] McGee v. International Life Insurance Co., 355 U.S. 220 (1957).
[3] Hanson v. Denckla, 357 U.S. 235 (1958).

case do not raise such a "dichotomy". That is, in applying the facts of this case to either *McGee* or *Hanson*, Petitioner's right to due process has not been violated.

The only facts that Petitioner would have this Court consider in its application of *Hanson* or *McGee* would be what Petitioner calls "letter and telephone communications asserting the patent rights" (P. p. 9). Petitioner's reduction of a demand that Respondent cease manufacturing a product and a threat of a lawsuit to a mere "letter . . . communication . . ." is misleading and unfair.[4] However, more importantly, Petitioner omitted reference to the numerous contacts Petitioner had with the state of Minnesota. Petitioner's quote of the Court of Appeals' opinion (P. p. 6) ends with an emphasized sentence as follows:

> "As such, we are convinced that the sending of these letters did, in a very real sense, constitute a transaction of business in Minnesota."

Immediately following this sentence, and omitted by Petitioner, the Court of Appeals continues at P. p. A-20:

> "*Moreover*, we note that the defendant is no stranger to Minnesota, and that it had a number of related contacts in the forum. The defendant advertised its products in national publications which were distributed in Minnesota, and it sold a number of its other products to independent distributors located in the state. It maintained 'troubleshooters' who were available to visit the state when necessary to aid users of the firm's products, and the firm also repaired its products though these had to be shipped to the firm's Illinois office for such service.

[4] The demand and threat constituted significant business transactions which by themselves would satisfy the Minnesota statute and due process.

Furthermore, it is significant that prior to the defendants acquisition of the patent, its assignor had threatened the plaintiff with an infringement suit; that the assignor had sold the disputed product in Minnesota; and that the assignor and the defendant, as well, had discussed the question of licensing the patent with the plaintiff.

The fact that the defendant has, not directly or indirectly sold the 'tire bead seater' in the state because it did not wish the plaintiff to obtain jurisdiction over it in this action hardly defeats jurisdiction here. *Rather, the extensive contacts, taken together with admonition of the Minnesota Court in Hunt, compel the conclusion that service of process was properly made and jurisdiction over the defendant was obtained pursuant to M.S.A. paragraph 543.19, subd. 1(b).*" (emphasis added)

It seems clear from the above quotation that while the Court of Appeals relied on the charge of infringement letters and the telephone communication between Petitioner and Respondent as a "transaction of business in Minnesota" that it did not rely *solely* on these transactions in arriving at its opinion. Rather, the Court of Appeals reviewed, and properly so, all of the business transactions which Petitioner has had within the state of Minnesota. The Circuit Court carefully reviewed the decisions of the Minnesota Supreme Court involving the proper interpretation to be given to M.S.A. 543.19 subd. 1(b) and arrived at its determination that Petitioner's contacts with the state of Minnesota satisfy the Minnesota statute, and they held that to exercise jurisdiction did not violate Petitioner's right to due process.

When all of the Defendant's contacts with the state of Minnesota are considered it is manifest that Petitioner satisfies

McGee as well as *Hanson*. The Eighth Circuit found the contacts to be in accordance with *Hanson* when at P. p. A-21 the Court stated:

> "The defendant has voluntarily entered into a number of business transactions, including the acquisition of the patent and attempts at enforcement, which it knew would have consequences in the state."

The facts of this case, as applied to *McGee* or *Hanson*, do not present a dichotomy of result. Accordingly, this case is not an appropriate one to clarify the argued "dichotomy" of *McGee* and *Hanson*.

III. The Decision Below Does Not Conflict With Decisions of This Court or Decisions of Other Courts of Appeal.

Petitioner argues that a finding of personal jurisdiction violates Petitioner's right to due process under either *McGee* or *Hanson* in that Petitioner, in telephone and letter communications, was merely complying with the requirements of 35 U.S.C. section 287 which according to Petitioner "demand notice". This is just not true.

Title 35 of United States Code section 287 states:

> "§287. Limitation on damages; marking and notice. Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented, either by fixing thereon "patent" or the abbreviation "pat.", together with the number of the patent, or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damages

shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice."

The statutory requirement is nothing more than a *limitation on damages*, and nothing contained therein *requires* a notice or charge of infringement. Indeed, the patent number on the patented article itself satisfies the statutory requirements and eliminates any need for a charge of infringement letter.

Petitioner's argument that conducting letter and telephone communication could not constitute transacting business seems to fly in the face of this Court's comments in *McGee:*

"Looking back over this long history of litigation a trend is clearly discernable toward expanding the permissible scope of state jurisdictions over foreign corporations and other non-residents. In part this is attributable to the fundamental transformation of our national economy over the years. Today many commercial transactions touch two or more states and may involve parties separated by the full continent. With this increasing nationalization of commerce has come a great increase in the amount of *business conducted by mail* across state lines. At the same time modern transportation and communication have made it much less burdensome for a party sued to defend itself in a state where he engages in economic activity." 355 U.S. at 222-223. (emphasis added)

However, with regard to Petitioner's letter and telephone communications, it is important to note that they contain far more than a mere notification of infringement. They included

the demand to cease manufacturing and the threat of a lawsuit. Notification under 35 U.S.C. 287 would not require demands or threats.

Further, Petitioner's arguments ignore the fact that besides the letter and telephone communications other, more numerous contacts with Minnesota were properly considered in deciding whether Petitioner's right to due process was violated.

It is argued by Petitioner that due process was affected by the fact that the choice of forum belongs to the patentee and in this case Petitioner was not able to select its forum. Petitioner states:

> "The choice of forum for litigation is among the valuable prerogatives of a patentee and is an essential factor in determining whether the patentee can afford a full and fair opportunity to litigate the validity of his patent. *Blonder-Tongue v. University Foundation* 402 U.S. 313, 332-333 (1970). Reaching out and dragging a reluctant patentee into a forum on the basis of the patentee's discharge of the statutory conditions of 35 U.S.C. § 287 amounts to entrapment of the patentee and surely deprives the patentee of the opportunity for forum selection sought to be guaranteed him by the Supreme Court in *Blonder-Tongue, supra.*" (P. p. 11)

However, Petitioner did not point out that the only forum where Petitioner could bring suit against Respondent, Solar, is in United States District Court for the District of Minnesota.

Title 28 U.S.C. 1400 (b) states:

> "28 U.S.C. 1400. Patents and copyrights. * * *
>
> (b) "Any civil action for patent infringement may be brought in the judicial district where the defendant re-

> sides, or where the defendant has committed acts of infringement and has a regular and established place of business."

The residence of a defendant corporation is its state of incorporation. *Fourco Glass Co. v. Transmirra Corp.*, 353 U.S. 222 (1957). The Respondent, Solar, is incorporated only in the state of Minnesota. In addition, Respondent has only one regular and established place of business and that is located in the state of Minnesota. Therefore, any patent infringement action which Petitioner would bring against Solar would of necessity have to be brought in the state of Minnesota in order to satisfy the venue requirements of Title 28 United States Code section 1400.

Finally, Petitioner states that the courts of other jurisdictions have rejected the approach to in personam jurisdiction followed by the Eighth Circuit in the present case. For example, Petitioner refers this court to the Seventh Circuit decision in *Trippe Manufacturing Co. v. Spencer Gifts, Inc.*, 270 F. 2d 821. The *Trippe* case is nothing at all like this case. The only contact with the forum in *Trippe* consisted of the defendant's catalogs. Reference to *Trippe* and other dissimilar Circuit Court cases is a last ditch, futile attempt to comply with Rule 19 of this Court.

CONCLUSION

None of the reasons asserted by Petitioner point to irregularity or error of the Court of Appeals' decision in this case. To the contrary, the decision of the Court of Appeals for the Eighth Circuit is in complete accord with applicable decisions of this Court and other Circuit Courts. Accordingly, the petition should be denied.

Respectfully submitted,

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